

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**DOCKET NO. 2022-\_\_-E**

In re:

Application of Duke Energy Carolinas, LLC  
for Approval of Demand-Side Management  
and Energy Efficiency Rider 14, Decreasing  
Residential Rates and Decreasing Non-  
Residential Rates

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**DUKE ENERGY CAROLINAS, LLC'S  
APPLICATION FOR APPROVAL OF  
RIDER 14**

Pursuant to S.C. Code Ann. § 58-37-20 and S.C. Code Ann. Regs. 103-819 and 823, the Rules of Practice and Procedure of the Public Service Commission of South Carolina (“Commission”), Duke Energy Carolinas, LLC (the “Company” or “DEC”) hereby applies to the Commission for approval of its demand-side management (“DSM”) and energy efficiency (“EE”) rider for 2023 (“Rider 14”).

In support of this Application, DEC shows the Commission the following:

**Name and Address**

1. The correct name and address of the Company is Duke Energy Carolinas, LLC, 526 S Church St, Charlotte, NC 28202-1802.

**Notices and Communications**

2. The names and addresses of the attorneys for the Company who are authorized to receive notices and communications with respect to this Application are:

Samuel J. Wellborn  
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**Description of the Company**

3. The Company is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the western portion of South Carolina and central and western portions of North Carolina. It also sells electricity at wholesale to municipal, cooperative, and investor-

owned electric utilities, and its wholesale sales are subject to the jurisdiction of the Federal Energy Regulatory Commission. DEC is a public utility under the laws of South Carolina and is subject to the jurisdiction of this Commission with respect to its operations in this State. The Company also is authorized to transact business in the State of North Carolina and is a public utility under the laws of that state. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission.

### **Background**

4. Rider 14 seeks to recover from customers the amounts associated with the cost recovery mechanism the Commission most recently approved in Order No. 2021-32, issued in Docket No. 2013-298-E.

5. The recovery mechanism of the Company's EE/DSM portfolio—as it existed prior to the issuance of Order No. 2021-32—is a shared savings model with three distinct components: (1) recovery of the costs the Company incurs to offer and deliver EE and DSM programs to customers; (2) recovery of net lost revenues incurred for up to thirty-six (36) months of a measure's life for EE programs; and (3) a shared savings incentive that is equivalent to 11.5% of net savings achieved through the Company's portfolio of EE/DSM programs.

6. The cost recovery mechanism was revised as the result of an application filed by the Company in Docket No. 2013-298-E on June 26, 2020, subsequent settlement agreement entered into by the parties to that docket, and the approval of the settlement agreement (the "Settlement Agreement") by the Commission through Order No. 2021-32. The resulting cost recovery mechanism is a shared savings model with four distinct components: (1) recovery of the costs the Company incurs to offer and deliver EE and DSM programs to customers; (2) recovery of net lost revenues incurred for up to thirty-six (36) months of a measure's life for EE programs;

(3) a shared savings incentive that is equivalent to 10.6% of net savings achieved through the Company's portfolio of EE/DSM programs; and (4) a Program Return Incentive ("PRI") based on a percentage of the gross avoided costs of those programs eligible for the PRI.

#### **Components of Rider 14**

7. Calculations for Rider 14 were computed in accordance with the Application, the Settlement Agreement, and Commission Order No. 2021-32 in Docket No. 2013-298-E. The specific components of Rider 14 include:

- a. Year 2018, January 2018 – December 2018: True-up of Year 1, Year 2, Year 3 and Year 4 lost revenues.
- b. Year 2019, January 2019 – December 2019: true-up of shared savings, true-up of Year 1, Year 2, Year 3 and Year 4 lost revenues.
- c. Year 2020, January 2020 – December 2020: true-up of program costs, shared savings and true-up of Year 1 and Year 2 of lost revenue and an estimate of Year 4 lost revenues.
- d. Year 2021, January 2021 – December 2021: true-up of program costs, shared savings and true-up of Year 1 lost revenue and an estimate of Year 3 lost revenues
- e. Year 2022, January 2022 – December 2022: estimate of Year 2 lost revenues.
- f. Year 2023, January 2023 – December 2023: estimate of program costs, shared savings, and Year 1 lost revenues, as well as an estimate of 2023 existing DSM program costs.

### **Rider 14 Rate Overview**

8. The revenue DEC proposes to recover through the proposed Rider 14 is as follows:

- \$19,116,931 for Residential Customers (Exhibit A, Line 16) and
- \$35,341,690 for Non-Residential Customers (Exhibit A, Line 70).

For Rider 14, because non-residential customers can opt-out of various components and vintage years of EE/DSM, those billing factors were separated to reflect non-residential customer participation in EE programs, DSM programs, or both EE and DSM programs. The proposed Rider 14 billing factors include prospective and true-up components. The projections for Vintage Year 2023 reflect the revisions to the cost recovery mechanism approved by Order No. 2021-32. Based on the total costs to be recovered under the proposed Rider 14, as shown on Exhibit A, the billing factors applicable to South Carolina customers for the billing period January 1, 2023 through December 31, 2023, would be as follows:

<b>Residential Billing Factors</b>	<b>¢/kWh</b>
True-up Component for Years 2018, 2019, 2020 and 2021	(0.2032)
Prospective Component for Vintage Years 2020 – 2023	0.4840
Residential Rider 14 (Total)	0.2808

<b>Non-Residential Billing Factors</b>	<b>¢/kWh</b>
Year 2018 EE Participant – True up	0.0068
Year 2018 DSM Participant – True up	(0.0005)
Year 2019 EE Participant – True up	(0.0092)
Year 2019 DSM Participant – True up	0.0011
Year 2020 EE Participant – True up	0.0069
Year 2020 DSM Participant – True up	0.0025

Year 2021 EE Participant – True up	(0.0616)
Year 2021 DSM Participant – True up	(0.0078)
Year 2020 EE Participant – Prospective Year	0.0251
Year 2021 EE Participant – Prospective Year	0.0648
Year 2022 EE Participant – Prospective Year	0.0967
Year 2023 EE Participant – Prospective Year	0.4332
Year 2023 DSM Participant – Prospective Year	0.1134

9. The proposed tariff sheet for Rider 14 is attached as Exhibit B to the Application. A summary of the calculations used to determine these billing factors and the revenue requirement for Rider 14 is attached as Exhibit A to the Application. The supporting calculations for Exhibit A are also attached. A detailed description and evaluation of the Company's EE and DSM programs for 2021 is set forth in Rider 14, Exhibit 5. Pursuant to the cost recovery mechanism, the Company has included Year 2023 Exhibit 2 that indicates, for each Program or Measure for which it seeks a PPI or PRI, the annual projected and actual utility costs, number of Measurement Units installed, per kW and kWh impacts for each Measurement Unit, and per kW and kWh avoided costs for each Measurement Unit, consistent with the Utility Cost Test, related to the applicable Vintage Year installations that it requests the Commission to approve.

### **Conclusion and Request for Approval**

10. Based on the foregoing, the Company respectfully requests that the Commission grant its application seeking approval of Rider 14 as described in this Application and supporting exhibits. Additionally, the Company would ask the Commission to allow the proposed rate to be put into effect without hearing pursuant to S.C. Code § 58-27-870(F) (2015). The proposed rates do not require a determination of the entire rate structure and overall rate of return and will facilitate an orderly rate administration. For the Commission's convenience, a proposed notice is included with this filing.

Respectfully submitted this the 1st day of March 2022.

s/J. Ashley Cooper

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### Rider 14 Exhibits

Exhibit A	Summary for Rider EE Exhibits and Factors
Exhibit B	Tariff Sheet
Year 2018 Exhibit 1	True-up of Year 1, 2, 3 and 4 Lost Revenues Applicable to Residential and Non-Residential Customers
Year 2018 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2018
Year 2018 Exhibit 3	Allocation Factors, Year 2018
Year 2019 Exhibit 1	True-up of Year 1, 2 and 3 Lost Revenues Applicable to Residential and Non-Residential Customers
Year 2019 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2019
Year 2019 Exhibit 3	Allocation Factors, Year 2019
Year 2020 Exhibit 1	True-up of Shared Savings and Year 1,2, and 3 Lost Revenues; Estimate of Year 4 Lost Revenues Applicable to Residential and Non-Residential Customers
Year 2020 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2020
Year 2020 Exhibit 3	Allocation Factors, Year 2020
Year 2021 Exhibit 1	True up of Shared Savings, Program Costs and Year 1 and 2 Lost Revenues; Estimate of Year 3 Lost Revenue
Year 2021 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2021
Year 2021 Exhibit 3	Actual Existing DSM Program Costs – Year 2021
Year 2021 Exhibit 4	Allocation Factors, Year 2021
Year 2021 Exhibit 5	Actual Program Costs – Year 2021
Year 2021 Exhibit 6	Changes from Rider 10 Due to Application of M&V and Participation
Year 2022 Exhibit 1	Estimate of Year 2 Lost Revenues
Year 2023 Exhibit 1, page 1	Estimated Annual Rider Applicable to Residential Customers



Year 2023 Exhibit 1, page 2	Estimated Annual Riders Applicable to Non-Residential Customers
Year 2023 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2023
Year 2023, Exhibit 3	Allocation Factor Estimate for 2023
Rider 14 Exhibit 1, Page 1	Lost Revenues Summary – Year 2018
Rider 14 Exhibit 1, Page 2	Lost Revenues Summary – Year 2019
Rider 14 Exhibit 1, Page 3	Lost Revenues Summary – Year 2020
Rider 14 Exhibit 1, Page 4	Lost Revenues Summary – Year 2021
Rider 14 Exhibit 1, Page 5	Lost Revenues Summary – Year 2022
Rider 14 Exhibit 1, Page 6	Lost Revenues Summary – Year 2023
Rider 14 Exhibit 2	DSM/EE Revenues Collected from Riders (By Year & Vintage)
Rider 14 Exhibit 3, Page 1 of 2	Forecasted kWh Sales for Rate Period (Years 2018-2023)
Rider 14 Exhibit 3, page 2	Forecasted kWh Net Metering Impacts for Year 2023
Rider 14 Exhibit 4, Page 1	Residential Interest Calculation – Years 2018-2019
Rider 14 Exhibit 4, Page 2	Residential Interest Calculation - Year 2020-2021
Rider 14 Exhibit 4, Page 3	Non-Residential Interest Calculation – Year 2018
Rider 14 Exhibit 4, Page 4	Non-Residential Interest Calculation – Year 2019
Rider 14 Exhibit 4, page 5	Non-Residential Interest Calculation – Year 2020
Rider 14 Exhibit 4, page 6	Non-Residential Interest Calculation – Year 2021
Rider 14 Exhibit 5	Evaluation, Measurement and Verification Report
Rider 14 Exhibit 6	Description and Evaluation of EE and DSM Programs for 2021
Rider 14 Exhibit 7	Vintage Years, 2018, 2019, 2020, 2021 and 2022 Non-Residential Opt-Out Data